

US ARMY NAF EMPLOYEE BENEFITS PROGRAM



SPECIAL ANNOUNCEMENTS CONCERNING NAF EMPLOYEE BENEFITS

*Please
See Important
Details Inside*

**Benefit Program Update
and Your Options During the
Health Benefit Plan Selection Period
November 3rd thru November 28th, 2008**

U.S. Army Family & MWR Command
NAF Employee Benefits Office
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US ARMY NAF EMPLOYEE BENEFITS PROGRAM

SPECIAL ANNOUNCEMENT

NAF EMPLOYEE BENEFIT PROGRAM UPDATE

OCT 2008

Dear Nonappropriated Fund Employee;

The purpose of this brochure is to provide current information about your NAF Employee Benefit Programs and to inform you that we will conduct a Health Benefit Plan Selection Period from November 3rd to November 28th, 2008. Your options during the Plan Selection Period are limited to the following:

Health Benefit Plans

If you are currently participating in one of our Health Benefit Plans, either the DOD NAF Employee Health Benefit Plan (DODHBP) (often referred to as Aetna) or one of our Health Maintenance Organizations (HMOs), you will be allowed to change plans at your current level of coverage, reduce coverage from family to single or cancel your current enrollment. Plan changes will be effective January 1st 2009. You may change from the DODHBP to an HMO, from an HMO to the DODHBP, or from one HMO to another. The DODHBP is available in all locations. HMOs are available in the following locations:

Carlisle Barracks, PA
Fort Buchanan
Fort Dix, NJ
Fort Hamilton, NY
Fort Hood, TX
Fort Indiantown Gap, PA
Fort Monmouth, NJ
Hawaii
Hawaii
National Capitol Region
National Capitol Region

Capital Blue Cross (Previously Keystone)
Triple S
Aetna US Healthcare HMO
Aetna US Healthcare HMO
Scott & White Health Plan
Capital Blue Cross (Previously Keystone)
Aetna US Healthcare HMO
Hawaii Medical Service Association (HMSA)
Kaiser Permanente
Aetna US Healthcare HMO Plan
Kaiser Permanente Health Plan

Premium Rates for 2009:

We are pleased to announce that although the medical care cost trend for 2009 indicated an increase of 10% or more, DOD Health Benefit Plan premiums for 2009 will increase only 6.5% for medical with no increase in the rate for optional dental. For those who are enrolled in the Stand Alone Dental Plan, insured by Aetna, there will be a 6% increase in premiums. The DOD Health Benefit Plan remains the best value of all Health Benefit Plans available to government employees. The employee/employer premium share split will remain at 30% employee/70% employer during 2009. For information on the premium rates for all the health benefit plans for 2009, please consult our web site, www.NAFBENEFITS.com.

Limitations:

Because this is a Plan Selection Period rather than an Open Season, you will not be able to make changes that would increase your coverage. **You will not be able to obtain coverage if you are not now enrolled in either the DODHBP or an HMO; you will not be able to change from single to family coverage; you will not be able to change from "without dental" to "with dental" coverage, and you will not be able to enroll in the Stand Alone Dental Plan.** The next Open Season will be conducted in the Fall of 2009. At that time, you will be able to enroll in the DODHBP or an HMO, increase to family coverage, add dental coverage, and enroll in the Stand Alone Dental Plan.

SPECIAL ANNOUNCEMENT

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DOD Health Benefit Plan Update:

DODHBP Plan Information Packets for 2009 have been shipped to your local NAF Human Resources Office. If you are currently enrolled in the DODHBP (Aetna) or are participating in an HMO and considering changing to the DODHBP, please stop by your servicing personnel office and request a Plan Information Packet for 2009. There will be several important changes to the liberal plan benefits in the DOD Health Benefit Plan. In order to offset rising costs of care, the PCP copay will increase from \$15 to \$20. This is the first increase in the PCP copay in ten years. However, we are adding coverage for treatment of developmental delays, including Applied Behavioral Analysis (ABA) therapy for autism. To encourage use of the Pharmacy Formulary, we will reduce the copay for Formulary Brand Name prescription medications from \$25 to \$20, and convert the \$35 copay for non-formulary brand name medications to a percentage coinsurance. The Dental Plan benefits will be increased in 2009 to remove the age limit on fluoride treatments, add 100% coverage for two additional "problem-focused" oral exams, and add a third cleaning for those who qualify due to pregnancy, diabetes and heart disease. We are continuing emphasis on preventive care by enhancing the online tools available through Aetna Navigator, to help you manage your care, continuing the Healthy Outlook Program, a voluntary disease management program to help employees with certain chronic illnesses, the Aetna Wellness Program that provides annual notification of recommended preventive care services that will help ensure that you and your family receive the preventive care necessary to promote their continued good health, and the "Try One Thing Wellness Planner and Calendar" included in your information packet. New this year is the addition of the "Simple Steps to a Healthier Life" program, a new online service, activation of the "Personal Health Record" feature on Aetna Navigator, and implementation of the "Informed Health Line". **These are important changes to your Health Benefit Plan; all designed to help you manage your health care and that of your family, while controlling health care costs, so it is essential that you stop by your servicing NAF Human Resources Office to pick up your Health Benefit Plan 2009 information packet, so you can get all the details.**

IMPORTANT REMINDER: If you experience a life event, such as the birth of a child, marriage, etc. that justifies a change to your Health Insurance coverage outside of Open Season, you must report that life event and apply for the Benefit change within 31 days of the event. This is a statutory requirement, to which we may not make any exceptions.

Pre-Tax Health Premium Deductions:

The Internal Revenue Code Section 125 Pre-Tax Health Premium Program will continue in effect in 2009. This program allows you to pay your employee share of the Health Benefit Plan premium with pre-tax dollars, thus reducing your taxable income and increasing your take-home pay. This benefit will automatically continue in effect for 2009, unless you opt out of this program during this Plan Selection Period. Because the Internal Revenue Code does not allow canceling your plan participation during the Plan year, January 1 thru December 31, 2009, you will have the option of declining participation in the program and paying your Health Benefit Plan premiums with after-tax dollars during this Plan Selection Period. If you previously opted out of the Pre-Tax Premium Program and would like to continue to pay your premiums with after tax dollars, you need do nothing and your opt out election will carry over through 2009.

How to Decline Participation in the Pre-Tax Health Premium Program:

If you would like to decline participation in the Pre-Tax Health Premium Program, please contact your local servicing Civilian Personnel Office for assistance. Your election will be effective January 1st, 2009.

Life Insurance Plan

You may not enroll or increase coverage in the Group Life Insurance Plan, during this Plan Selection Period without evidence of insurability. Your next opportunity to elect life insurance without evidence of insurability will be during the Open Season scheduled for the Fall of 2009. For additional information concerning the Group Life Insurance Plan, including how to enroll with evidence of insurability, please contact your local servicing NAF Human Resources Office. Group Life Premium Rates are available on the web site, www.NAFBenefits.com.

NAF EMPLOYEE BENEFIT PROGRAM UPDATE

NAF Employee Group Long Term Care Plan

You may not enroll or increase coverage in the Group Long Term Care Plan, during this Plan Selection Period without evidence of insurability. For information concerning the Group Long Term Care Plan, including how to enroll with evidence of insurability, please contact your local servicing NAF Human Resources Office.

401(k) Savings Plan

Many of our 401(k) Savings Plan participants have expressed concerns about the safety of their investments and the stability of Fidelity Investments, the company that administers our 401(k) Plan. We want to assure you that Fidelity Investments is a solid investment firm, whose business is focused on investing participant funds in solid, well-managed institutions and corporations. Although the markets are going through a volatile period, as they have done historically, you need not worry about the stability of Fidelity Investments, and you can be assured they are taking all steps necessary to assist investors during this difficult period. Please visit the NAF Benefits web site periodically for the latest information from Fidelity on market conditions. To receive this information direct from Fidelity, log on to Fidelity NetBenefits at [www.401\(k\).com](http://www.401(k).com) and update your personal profile to include your email address. By doing so, you will receive up to the minute information on market conditions, directly from Fidelity Investments. Fidelity also provides useful online tools to help you make investment decisions. Once in the Fidelity web site, go to "Tools & Learning" and select "Investing for the Future".

401(k) Plan Changes for 2009:

In accordance with IRS Regulations, the maximum annual deferral for your 401(k) Savings Plan will increase from \$15,500 for calendar year 2008 to \$16,500 for calendar year 2009. Over age 50 plan participants may defer an additional \$5,500 for a total of \$22,000 in calendar year 2009. There is no percentage of salary limitation. Plan participants may change their deferral percentage at any time by contacting their servicing personnel office. Also new for 2009, we are pleased to announce the addition of two more Life Cycle Fund options; T. Rowe Price Retirement 2050 Fund and T. Rowe Price Retirement 2055 Fund, for those who desire a more long term approach to retirement savings. These additions increase our 401(k) Savings Plan investment options to 21 funds.

NAF Employee Retirement Plan

We've had a number of inquiries concerning the stability of our Retirement Trust Fund, given the recent events on Wall Street, that have resulted in a substantial downturn in stock prices. You can be assured that our Retirement Trust Fund is stable, and recent events on Wall Street will not affect benefits for either current or future retirees. It is the strategy of the Trustees that Trust Fund investments be diversified over a wide range of investment options, many of which are not subject to stock market performance but rather based on long term contracts that provide steady income and appreciation. Additionally, Trust Fund investments are confined to stable instruments that do not put Trust assets at risk. The Retirement Trust Fund, which has been in existence for over forty years, is designed to meet the long term liability for retirement benefits using a long term investment projection, which takes into account the ups and downs of the investment markets. The smoothing effect of this strategy results in consistent stability of the Trust Fund and assures funding of benefits for Retirees, no matter how the investment markets are doing at any given time. Historically, the markets have shown long term resilience, notwithstanding tumultuous events, such as recessions, wars, financial crises, and collapse of major corporations. Over the long term, the Trustees continue to adhere to the principles of all smart investors; that is, diversification, appropriate asset allocation, and a steadfast focus on the long term, rather than letting short-term market movements influence their decisions. We are confident that Trust Fund assets are judiciously invested and well protected.

Employee Benefits Online

Remember, you can view and print a summary of your benefits data, including your current elections and personal information in the NAF Employee Benefits System, view and print your Personal Benefits Statement, and submit a Service Request to correct or update your data. EMPLOYEE BENEFITS ONLINE is secure and simple to use. Simply go to www.NAFBenefits.com, click on the Employee Benefits Online link, and follow the sign-in instructions. Once you're in, all the information you need is there.

Please stop by your servicing Human Resources Office and update your beneficiaries and demographic data. We hope this information is helpful to you and will encourage you to review your Benefit participation to make full use of these opportunities. Please access the Benefits web site at www.NAFBENEFITS.COM or stop by your HRO.